

2005: The Strategic Outlook

Strategic Lessons, Regime
Change Proliferation Threats,
the Intel Record, Defense
Budgets, & Deficits

The Ultimate in Precision Strike

- It was 1980. The Russell Senate Office Building, Room 222. Hearings on Strategic Nuclear Modernization. The Chairman of the JCS, USAF General David Jones, was asked by Senator John Stennis: “What would the US do if faced with a nuclear armed Libya?”
- The General replied: “Call Qaddafi and keep him on the phone for thirty minutes.”

STRATEGIC LESSONS: Cold War Targeting

- **Defined Frontier of the Fulda Gap and 38th Parallel in Korea**
- **Nuclear Deterrence Targeted Key Nuclear Forces, Industrial Sites, Conventional Tank Armies**
- **Amount of firepower required to destroy targets exponentially reduced—2 B-2 can do the job with JDAMs of 75 aircraft**
- **1996 attack on Libya required 100 combat and support aircraft + 2 carrier battle groups**
- **Only 20% of current Congressional Members in House/Senate in 1991**

Other Cold War Conflicts

- Iran Embassy Capture, (1979); Sandinista's take over Nicaragua, (1979); FMLN seeks overthrow of El Salvador, (1979-90); Beirut Barracks destroyed, (1983); Afghanistan Mujadeen receive Stingers*, (1983); Libyan* strikes in response to Berlin disco bombing, (1986); and expulsion of Iraq from Kuwait*, (1991).
[*Relevant to PGMs]

Post-Cold War Conflicts

- **Less Defined Borders and Frontiers**
- **Significant Requirement for Elegant Precision and Intelligence in Some Areas**
- **Haiti, Somalia, Kosovo**
- **Non and Counter Proliferation of WMD rises to most serious threat**
- **USSR nuclear weapons: we knew where they were**
- **We have little if any quality information about nuclear programs in Libya, Iraq, Iran and North Korea**

Regime Change 70's

- In the 1970s there were 16 nations that were taken over by communist regimes; another 6 went from allied with the US to adversary, most notably Iran. President Carter had campaigned on a platform of ending US support for allied third world dictators in Korea, the Philippines, Chile, Nicaragua and El Salvador. Largest recipient of US foreign assistance in 1979 after Israel and Egypt: the Sandinistas government of Nicaragua

Regime Change 80's

- Nicaragua and Grenada ended communist tyrannies
- The Warsaw Pact and Communism ended in Eastern Europe: Poland, Czechoslovakia, Hungary, Rumania, Russia, Bulgaria, East Germany, the Baltic's
- Soviet occupation ended in Afghanistan
- Cubans Removed from Angola

QUESTION FOR CONGRESS:

- WHICH DECADE WAS BETTER
FOR AMERICAN SECURITY?

THE INTELLIGENCE RECORD

- **A recent article concluded that the use of PGM's and other precision strike capabilities was complicated by the requirement for elegant intelligence:**
- **The fundamental condition of launching a successful attack or inspection is knowledge of "where".**
- **"Without information about the location of hidden nuclear material and installations, no meaningful inspections are feasible". H. Blix, Washington Quarterly, Autumn 1992**

1981 USSR/TERRORISM

- Former USAF Secretary Reed in “At the Abyss” notes CIA Director Casey asked for an agency assessment of USSF connection to terrorism. The reply: The USSR is opposed to terrorism. Evidence presented: Copies of editorials in Pravda and Tass broadcasts

The Intel Record, (cont)

- **Haiti: Aristide was a “democrat”**
- **Somalia: Adide could be a peace partner**
- **Kosovo/Bosnia: Milosevic in 1995 was our peace partner—**
- **Iran’s Khomeini the Original Terror Master while the US focused on the shortcomings of the Shah**
- **Iraq: Missing the transfer of WMD to Syria and the \$21 billion oil for palaces scam**
- **NK: Missed the Uranium Enrichment Facility; lack of sound intel led to faulty Agreed Framework**
- **Missed Pakistani and Indian nuclear bomb tests**
- **Misjudged Iraqi nuclear program circa 1991**
- **Missed Extent of the Libyan nuclear weapons program**
- **Missed Extent of the Iranian nuclear weapons program**
- **Missed Khan network and nuclear weapons cartel**

Counter Proliferation Lessons?

- **Good target identification not there re: Iran, Iraq, North Korea, Libya, nuclear programs**
- **Makes military options perhaps less useful or credible**
- **But taking such options off the table forces negotiations into an arms control cul de sac, e.g., the Agreed Framework deals with Iran and North Korea**
- **Proliferation Security Initiative: Extraordinary success re: Khan network and Libyan program**
- **Interdiction of Sudanese freighter carrying explosives with the equivalent power of the nuclear bomb dropped on Hiroshima**

Lessons of Proliferation

- David Kay: “The threat from Iraq is even more serious not because of stockpiles of weapons—which still remain unaccounted for—but because Iraq had become prior to its liberation a ‘terrorists bazaar’ where weapons of mass destruction know-how and technology could be stolen, bought or smuggled.” [Testimony before the SASC, January 2004]

In This Context, What Then With Congress and Defense Budgets?

- Ten: (Remember issues are not just budgetary in nature—i.e., \$s, but also involve the time which will be devoted to them)
- 1. Future Direction of Strategic Nuclear Issues, especially RNEP, low yield weapons and whether SLBMs and ICBMs should be given a long range precision strike capability particularly with a conventional payload

Issues, (cont)

- 2. Cost and Timeline for deployment of space assets; issue of “weaponization of space”, and Falcon, Predator, Global Hawk, the MDA space-based test bed, the ASAT test bed at Redstone, and a couple of microsatellite programs -- the MPX, NFIRE, and XSS.

Issues

- 3. Tactical Aircraft, specifically proposed reductions in F-22 and relationship to JSF
- 4. Transfer and Supplement of Some DOD technologies such as the High Altitude Airship, Predator and Global Hawk for domestic homeland security
- 5. Missile Defense: \$4b for land based missile defense which is .096% of the Defense Budget and .0016% of the Federal Budget

Issues

- 6. Has the intel reform bill reformed intel? [For the record: no]
- 7. For PGMs and other lessons learned so far in Afghanistan and Iraq: what are the targets we want to take out? Are they perishable, movable, temporary? What investment is required?
- 8. How fast should we replenish the Army procurement accounts?

Issues

- 9. BRAC: What is the relationship between BRAC and the QDR?
- 10. What is the relationship of the QDR to the current proposed FY06 defense budget? DOD will probably pursue a “rolling QDR” process by which QDR decisions are rolled into the ongoing budget process. I can’t wait to see Congress adopt a “rolling budget process” as well.

Addendum: Revenue/Deficits

- Last year of Bush 41, revenue to USG climbed: \$63 billion/yr; this year, revenue under Bush 43 will grow \$177b
- 93-4, revenue climbed \$104 and \$93billion/yr
- 95-99, revenue climbed \$121b/year
- Stock Market Bubble burst reduced revenue which had climbed from \$25b/year to 120b \$/year, (this after a cut in the capital gains tax)
- Recession reduced revenue additional amounts

Revenue/Deficits

- Now for the period Oct 1999 through October 2002, thus taking into account the stock market/dotcom bubble burst, the recession and 9/11, revenue which started at \$2.025 trillion declined to \$1.853 trillion; the trend line was that the revenue would have increased over that period of time to \$2.425 trillion

Revenue/Deficits

- Now, from October 2002, during the build-up to the liberation of Iraq, through October 2005, (projected), revenue will grow from \$1.853 trillion to \$2.057 trillion, growing this year by \$177 billion.
- [Note: In previous recessions in 1981 revenue fell by \$17 billion and then recovered; in 1990, revenue actually increased modestly by \$24 billion]

Deficits/Revenue

- The key here: The recession of 2000-1 was combined with two other factors not present during 1981-2 and 1990-1: the collapse of the .Com stock market and 9/11.
- It has taken five years to again reach the revenue levels of 2000; tax rate reductions account for only 22% of this; as can now be seen, an economy growing at 4%+ is now generating \$177 billion more revenue A YEAR even under lower tax rates.

SPENDING

- Spending for October 1999 through September 2001 averaged \$1.8 trillion
- Spending after 9/11 BUT prior to Iraq averaged \$2.1 trillion
- Spending went up \$140 billion last year, (FY2004) and is going up \$130 billion this year, (FY 2005). HLSecurity is some \$65 billion of that; defense is some \$75 billion. Without the Iraqi war, we would still have run deficits of +\$300 billion, compared to the projected \$350b this fiscal year.